

ITEM # _____

PREPARED BY Mike Swift

APPROVED BY: Christy Kinard

RESOLUTION SUPPORTING MEMPHIS CITY SCHOOLS AND SHELBY COUNTY SCHOOLS APPLICATION FOR QUALIFIED SCHOOL CONTRUCTION BONDS AND COMMITTING TO ACCEPT LOAN FROM THE STATE OF TENNESSEE. SPONSORED BY COMMISSIONER DEIDRE MALONE.

WHEREAS, The Federal government as part of the stimulus package authorized the issuance of Qualified School Construction Bonds (QSCB); and

WHEREAS, The Federal government provides a tax credit with QSCB's that results in the bonds having approximately a zero interest rate; and

WHEREAS, The Memphis City Schools were given a direct allocation of \$41,736,000 and the Shelby County Schools have indicated they will apply for \$20,000,000 of the allocation to the State of Tennessee; and

WHEREAS, The State approved legislation providing for the State to issue the QSCB's on behalf of the school districts with the requirement that a local government unit agrees to accept a loan from the State for the amount of the QSCB's issued for the local school district; and

WHEREAS, The loan agreement would be guaranteed by a pledge of all State revenues received by the local government unit; and

WHEREAS, The Memphis City Schools and the Shelby County Schools have requested that Shelby County be the local government unit for their request for QSCB's; and

WHEREAS, The Memphis City Schools and the Shelby County Schools are required to file an application with the State by August 21 with a letter from the local government unit agreeing in principle to approve a resolution to be provide by the State's bond counsel to accept the loan, a commitment to comply with the requirements of the bonds and agreement to pay certain expenses, and

WHEREAS, The Memphis City Schools and the Shelby County Schools propose to use the QSCB's for projects that have been approved by the Needs Assessment Committee; and

WHEREAS, The Memphis City Schools and the Shelby County Schools have indicated a willingness to cooperate with the County regarding the funding of the loans from the State to allow the County to stay within its capital and debt plans, the details of which will have to be worked out; and

WHEREAS, The Administration estimates that the actual cost including issuance costs and administrative costs required by the State will be approximately 0.5%; and

WHEREAS, The loans and related costs are expected to require an annual payment of approximately \$4,200,000 for 15 years starting in fiscal 2011; and

WHEREAS, The Administration recommends approval based on the extremely low cost of borrowing under the QSCB program and the willingness of the two school systems to work with Shelby County to live within our capital and debt plans.

NOW THEREFORE BE IT RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, That the Mayor and Chairperson of the County Commission are hereby authorized to issue letters to the State of Tennessee supporting the Memphis City Schools and Shelby County Schools application to the State for Qualified School Construction Bonds in a total amount of \$41,736,000 for the Memphis City Schools and \$20,000,000 for the Shelby County Schools and agreeing to accept loans from the State in amounts up to those levels.

A C Wharton, Jr.
County Mayor

Date:_____

ATTEST:

Clerk of County Commission